

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 OES-03 TRSE-00 INT-05 FEA-01

AID-05 ACDA-05 CIAE-00 INR-07 NSAE-00 /043 W

----- 052456

R 311450Z MAR 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 0764

INFO AMEMBASSY DOHA

AMEMBASSY ABU DHABI

AMEMBASSY MANKMA

AMEMBASSY KUWAIT

AMCONSUL DHAHRAN

AMEMBASSY CAIRO

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E.O.: 11652: N/A

TAGS: BEXP

SUBJ: DESALINATION PROJECTS: FACT-FINDING MISSION

REF : A. STATE 15747; B. JIDDA 1689

BEGIN SUMMARY: CONVERSATION WITH SENIOR DESALINATION
AUTHORITY OFFICIAL YUSEF AL-AKEEL HAS REINFORCED OUR
FEELING THAT WE SHOULD PROCEED RAPIDLY WITH PROPOSED
FACT-FINDING MISSION. FOLLOWING ARE VARIOUS RELEVANT
FACTS. END SUMMARY.

1. PRINCE MOHAMMED AND HIS SENIOR DEPUTY, ADNAN SAMMAN,
WILL BE ATTENDING A CONFERENCE IN PUERTO IN LATE APRIL. THE
PRINCE WILL DEPART SAUDI ARABIA AROUND APRIL 17 AND WILL BE IN
NEW YORK FOR A FEW DAYS FROM ABOUT APRIL 20 BEFORE PROCEEDING
TO PUERTO RICO. IF USEFUL TO OUR PURPOSES, HE MIGHT POSSIBLY
BE CONTACTED IN NEW YORK, ALTHOUGH IT WOULD CERTAINLY NOT BE
CONSTRUCTIVE FOR HIM TO BE BOMBARDED WITH VAGUE EXPLORATORY
APPROACHES BY INDIVIDUAL COMPANIES AT THAT TIME.

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2. THE PRINCE'S SALT WATER DESALINATION AUTHORITY (SWDA)

OBSVIOUSLY FEELS OVERWHELMED BY THE MAGNITUDE OF THE PROGRAM BEFORE IT AND READY TO WELCOME A MAJOR COMMITMENT BY A COMPANY OR CONSORTIUM OF COMPANIES TO THIS PROGRAM.

3. AS COMMENT ON THE U.S. COMPANY FEAR OF NOT BEING PRICE COMPETITIVE, THE LOW BID FOR THE JIDDA STAGE II PLANT (10 MGD/ 50MW) BY C. ITOH WAS \$171 MILLION (NOT FOR PUBLIC DISSEMINATION), ALMOST TWICE THE ALLOCATED BUDGET. THE GERMAN BID WAS NEXT, WHILE THE BRITISH OFFER (BABCOCK AND WILCOX/GENERAL ELECTRIC/ WEIR WESTGORTH) WAS DOUBLE THE JAPANESE BID* SUCH COST ESCALATIONS, WHILE EVIDENTLY OCCASIONING A CERTAIN AMOUNT OF ADMINISTRATIVE INDIGESTION, ARE BEING SWALLOWED BY SWDA--INDEED HAVE TO BE AS THERE IS NO ALTERNATIVE TO A MASSIVE DESAL PROGRAM IF THE COUNTRY'S DEVELOPMENT PLANS ARE TO PROCEED.

4. CONSTRUCTION CONTRACTORS ARE WHAT SWDA IS PRIMARILY LOOKING FOR AT PRESENT. THEY HAVE AN AMPLE NUMBER OF OFFERS FROM DESIGN CONSULTANTS. THUS, THOUGH CONSULTANTS CERTAINLY NEED NOT BE TOTALLY EXCLUDED, BULK OF MISSION SHOULD CONSIST OF PRIME CONTRACTOR CANDIDATES. (ON THE SUBJECT OF CONSULTANTS INCIDENTLY, AL-AKEEL STATED BLUNTLY THAT DUE TO PAST EXPERIENCE BURNS & ROE "WILL GET NO MORE BUSINESS IN SAUDI ARABIA.")

5. STRONGLY URGE THAT EVERY EFFORT BE MADE TO PROGRAM FACT-FINDING MISSION FOR VISIT TO SAUDI ARABIA FOR ABUT MID-MAY, I.E., SHORTLY AFTER PRINCE MOHAMMED'S RETURN FROM PUERTO RICO. UPON RECEIVING CONFIRMATION THAT THIS TIME FRAME IS SUITABLE AND THAT U.S FIRMS' INTEREST IS HOLDING UP, WE WILL APPROACH PRINCE MOHAMMED TO CONFIRM SPECIFIC DATES.
AKINS

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